

Report of Director of City Development

Report to Scrutiny Board (City Development)

Date: 20 July 2016

Subject: Response to the Scrutiny Inquiry report on Housing Mix (March 2016)

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Between July 2015 and February 2016 the Scrutiny Board (City Development) undertook a joint inquiry (with Members of Scrutiny Board (Environment and Housing)) into the issue of housing mix. The scope of the inquiry is set out in detail in the final report which was published in March 2016.
2. Leeds has as ambition to deliver housing growth of a high standard in all sectors. The Adopted Core Strategy sets the strategic framework for the delivery of this growth through a spatial strategy and a series of housing and design policies.
3. Scrutiny Board considered the performance of these policies in delivering a housing mix for the City.
4. The recommendations of the inquiry sought action from the Chief Planning Officer. This report represents his response.

Recommendations

5. The Scrutiny Board is requested to note the responses to the recommendations based on their findings and to endorse the approach outlined below.

1 Purpose of this report

- 1.1 This report sets out the formal response of the Director of City Development to the recommendations of the Scrutiny Board (City Development) inquiry into housing mix.

2 Background information

- 2.1 Between July 2015 and February 2016 the Scrutiny Board (City Development) undertook an inquiry into housing mix. The inquiry was made jointly with Members of Scrutiny Board Environment and Housing. The scope of the inquiry is set out in detail in the final report which was published in March 2016 and is included as **Appendix 1**.
- 2.2 Leeds has an ambition to deliver housing growth of a high standard in all sectors. The Adopted Core Strategy sets the strategic framework for the delivery of this growth through a spatial strategy and a series of housing and design policies. The advancing site allocations plan identifies land for housing throughout the District to meet overall housing requirements. These plans are supported by evidence of housing need and an objective assessment of housing need. The housing requirement in Leeds seeks to meet specific needs including for smaller households (i.e. provide an appropriate housing mix). The Core Strategy recognises this through a variety of policies e.g. Policy H4 sets targets for 2-bed properties in the City; Policy H5 on affordable housing and H8 on homes for independent living.
- 2.3 The monitoring of completions between 2012 and 2015 showed that Policy H4 was not on course to achieve the target mix by 2028. It was of great concern to the working group that if possible remedial action available was not taken quickly and robustly it would be difficult to get target figures back on track. To this end, Members wanted to understand and highlight the challenges in achieving housing mix objectives.
- 2.4 The recommendations of the inquiry sought action from the Chief Planning Officer as detailed in the next section.

3 Main issues

- 3.5 The Directorate have taken an overview of the recommendations of the inquiry and consider that a number of them address operational issues which can be readily remedied. The Directorate feel that these are best addressed by taking a coordinated approach within City Development and specifically between the actions of Planning Services and Environment and Housing. Therefore the Directorate has driven the implementation of a number of recommendations through the Housing Growth Board .
- 3.6 This Board and supporting team provides a single co-ordinated approach to the Council's Breakthrough Project for housing growth of a high standard in all sectors and works across planning, regeneration, asset management and housing services.

Recommendation 1 – That the Director of City Development maintains the commitment to a selective review of the Core Strategy, which should commence following the release of the 2014, based household projections.

- 3.7 The directorate can confirm that there is commitment to a selective review of the Core Strategy. The technical elements of this process will be managed by the Head of Strategic Planning in liaison with wider key services from across the Council so as to ensure a consistent approach to demographic forecasts and analysis.
- 3.8 The details of this process and timetable require further scoping via Development Plan Panel (DPP). Officers advise that the release of the 2014-based sub-national household projections will be an important part of the evidence base for this. These are normally released in October 2016. The process of carrying out a Strategic Housing Market Assessment (SHMA) to support an amendment to the Core Strategy housing requirement will take at least 16 months and will need to be submitted to the Planning Inspectorate for consideration at an Examination in Public.
- 3.9 Key issues to consider, include:
- the methodology for carrying out an assessment of objectively assessed housing need (OAN) is set in the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). This is the same methodology as was used for the Core Strategy.
 - a Local Plan Expert Group reported to DCLG in March 2016 on recommendations for a substantially revised OAN methodology. The key elements of this are: the link between homes and jobs can often lead to higher figures than are considered to be realistic; the need to provide affordable housing can lead to higher housing numbers than projected. The Council responded to this group's recommendations as part of a joint WYCA response. The response is available at Appendix 2¹. It should be noted that two independent consultants (Peter Brett and GL Hearn) have cast some doubt over the new methodology. Both point out that the new approach could have specific consequences for inflated housing numbers in Leeds e.g. arising from use of 10-year international migration trends.
 - any process of reviewing the Council's housing numbers should be objective and ensure as far as possible that methodological changes to national guidance do not de-rail the process once commenced.
- 3.10 Until any revised targets are adopted following an Examination in Public then the Core Strategy targets remain in force.

Recommendation 2 – That the Chief Planning Officer writes to the Secretary of State and the department of Communities and Local Government urging the Government to standardise the methodology for assessing viability taking into account the experiences of local planning authorities, and the full range of policy requirements for delivering sustainable development.

¹ In particular Members are directed to look at ¶2.9, ¶2.10 and ¶2.11 of the response

- 3.11 This action is outstanding pending the work with ATLAS (Advisory Team for Large Applications) under recommendation 3 below and detailed consultations arising from the Housing and Planning Act.

Recommendation 3 – That the Chief Planning officer arranges for Plans Panel Members to receive further information and training on best practice in dealing with scheme viability appraisals, in collaboration with other West Yorkshire authorities and the Planning Advisory Service

- 3.12 A training session on viability for elected members is taking place on 13th July 2016. All members of the Plans Panel have been invited to attend. The session is being led by ATLAS (Advisory Team for Large Applications)², with contributions from the District Valuer and representatives from the volume house builders.

Recommendation 4 – That the Chief Planning Officer reports back to the relevant Scrutiny Board the implementation and success of the proposed assessment guidance and other proposed actions around Housing Needs Assessments.

- 3.13 The development of assessment guidance for carrying out Housing Needs Assessments remains a priority. The commissioning of local Housing Market Assessments on a neighbourhood basis is overseen by the Housing Growth Team and this work will be extended to include the preparation of a template which could provide guidance to assist others, including Neighbourhood Forums and developers, in carrying out local assessments. The current contract for this work is due for renewal in September and it will form part of the work programme of the new contractor once appointed
- 3.14 A report back to Scrutiny Board will follow at that time. It will be important to reflect this workstream in any revised SHMA and be clear as to the roles of Ward Members and Community Committees in this area.

Recommendation 5 – That the Chief Planning Officer ensures that appropriate assistance is offered to Neighbourhood Forums to assist in the drawing up of Neighbourhood Plans.

- 3.15 The Council currently supports 35 neighbourhood groups. 1 plan has got to referendum and about 8 plans have either reached pre-submission stage or are about to. Therefore the collaborative arrangements put in place by the Council; working alongside neighbourhood groups is now bearing fruit. The recent restructure of the planning service has allowed for greater flexibility in the deployment of staff within Policy and Plans to advise forums. However, at present the overwhelming priority for staff is the progression of the site allocations plan and Aire Valley Area Action Plan.
- 3.16 However, there are parts of the District where there are particular challenges. Officers are aware of specific issues in particular parts of the District and the

² ATLAS provide an independent advisory service available at the request of Local Authorities to support them in dealing with large scale housing led projects. The team is sponsored by the Department for Communities and Local Government (DCLG) and hosted and delivered through the Homes & Communities Agency..

Directorate has put arrangements in place to address those issues e.g. through regular ward member contact and attendance at Neighbourhood Forum meetings.

Recommendation 6 – That the Chief Planning Officer writes to the Secretary of State and the Department of Communities and Local Government making the following points:

- **That as the current Strategic Market Assessment Practice Guidance 2007 was out of date that government revises Strategic Market Housing Assessments Practice Guidance (including approaches on how to calculate and monitor an Objectively Assessed Need) as a matter of urgency**
- **The Council would expect that revised Practice Guidance takes full account of the desirability of engaging Neighbourhood Planning forums in the preparation of the evidence base underpinning SHMAs and thus the objectively assessed housing need for the City, and requests clarification on how this might best be achieved**

- 3.17 This has been actioned through the Council's joint response with WYCA under Recommendation 1 above. It is also worth noting that the Planning Practice Guidance contains some 30 pages of guidance published in 2013 on carrying out a SHMA and this includes reference to engaging Neighbourhood Planning forums.

Recommendation 7 – That the Chief Planning Officer implements proposals to include a heading on Housing Mix on each panel report and to report back to the appropriate Scrutiny Board the subsequent outcomes of the initiative

- 3.18 Information on housing mix is already included as part of the officer report, however following the recommendation of Scrutiny Board this will be made clearer through the introduction of a new heading in the officer report. This will be implemented from 1st August 2016. The provision of affordable housing is also specifically referenced in each report and implemented via S106 agreements. In recent years delivery via market housing has been lessened partly because of a negotiations on viability.

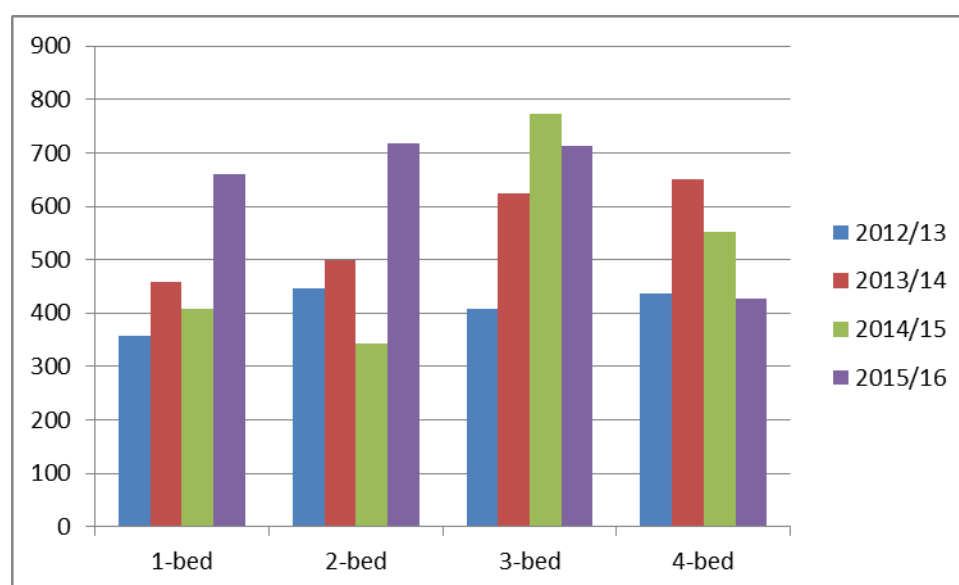
Recommendation 8 – That the Chief Planning Officer reports back to the appropriate Scrutiny Board the improvements to housing mix achieved through the practice of discussing mix at pre application stage.

- 3.19 A further report will be taken to Scrutiny Board alongside the updates set out under recommendation 4. However, in the meantime, officers have explored the up to date picture covering 1st April to 31st March 2016. This reveals, as set out in Tables 1 and 2 below, that there has been an improvement to the housing mix. Further updates will be provided on an annual basis.

Table 1: Monitoring of 2015/16 – proportion of all new housing per room

Year	Number of bedrooms			
	1	2	3	4+
2012-13	22%	27%	25%	27%
2013-14	21%	22%	28%	29%
2014-15	21%	15%	37%	28%
2015-16	26%	29%	28%	17%
Policy H4 target	10%	50%	30%	10%

Table 2: Number of housing completions per room



- 3.20 Table 1 shows that proportionately, for the first time since the Core Strategy period, 1 and 2-bed properties form the largest proportion of new housing. Table 2 shows that in absolute terms 2015/16 showed significant increases in the numbers of new 1- and 2-bed properties and a substantial fall in the number of 4-bed properties.
- 3.21 It is important to chart whether such a trend is due to continue. To that end, monitoring of the past 6 months' worth of detailed planning approvals has been assessed. Table 3 shows that for over 1,200 approved properties the policy is being more closely supported than previously. Bi-annual progress will be reported to Scrutiny.

Table 3: Number of housing completions per room

Period	Number of bedrooms approved			
	1	2	3	4+
Sept '15 to Mar'16	26%	38%	19%	18%
Policy H4 target	10%	50%	30%	10%
Range	0% - 50%	30% - 80%	20% - 70%	0% - 50%

Table 4: Affordable Housing completions

Period	Section 106	Grant assisted	Government initiative	Non assisted	Total
2012/13	72	119	155	14	360
2013/14	109	175	361	45	690
2014/15	79	262	427	114	882
2015/16	107	58	474	255	894

- 3.22 Table 4 details completions of affordable housing. The private element of affordable housing delivery through Section 106 agreements is the smallest component of affordable housing delivery. As the Scrutiny Report notes this is often due to the impact that developers claim affordable housing has on the viability schemes. Government has encouraged local authorities to negotiate with developers to ensure that schemes are viable. The low number is a reflection of overall delivery of housing in the district, which in recent years has largely been supported by delivery in the non-volume house building market. The Council would expect the contribution of affordable housing from private delivery to step-up alongside overall completions to meet the annual Core Strategy targets as a reflection of the current housing land supply translating to completed housing units on the ground.

Recommendation 9 – That the Chief Planning Officer advises Joint Plans Panel of actions to be taken regarding the Implementation of Policy H4 and proposed actions to ensure improved delivery.

- 3.23 This will be reported to the first Joint Plans Panel following the date of this Scrutiny response.

Recommendation 10 – That the Director of Environment and Housing and the Chief Planning Officer explore a more coherent and detailed approach to identifying the need for specialist accommodation and how this can be met, and report back to the relevant Scrutiny Board.

- 3.24 Local housing needs and the need for specialist accommodation will be reflected in Housing Market Assessments for specific schemes as required by Policy H4 and referred to above at Recommendation 4 and can utilise data provided by services including Adult Social Care to inform housing mix requirements within market areas and relevant to schemes. The SHMA commission will seek strategic analysis of the Leeds market to help support local studies. A further report will be provided as part of the update referred to in recommendation 4.

Recommendation 11 – That no further monitoring of 1 & 2 made by Scrutiny Board (Regeneration) following its Inquiry into Housing Growth (2011) takes place

- 3.25 The Directorate support this recommendation.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Changes arising from the Scrutiny Board recommendations are being rolled out. Many of these are driven through officers within the Housing Growth Team which sits across City Development and Environment and Housing Directorates.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This report raises no issues for these matters.

4.3 Council policies and City Priorities

- 4.3.1 These actions are supporting the BCP priorities related to housing growth of a high standard in all sectors.

4.4 Resources and value for money

- 4.4.1 The importance of spending money wisely is acknowledged in this response. Whilst the commission of a revised SHMA will be costly the scope of the work needs to ensure value for money, especially in terms of clear direction for local housing markets and Neighbourhood Forums.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 None

4.6 Risk Management

- 4.6.1 None

5 Conclusions

- 5.1 The Director of City Development welcomes the recommendations of the scrutiny inquiry into housing mix, has pleasure in detailing the actions implemented thus far and undertakes to ensure the further co-ordination of their implementation as outlined in this response.

6 Recommendations

- 6.1 The Scrutiny Board is requested to note the responses to the recommendations based on their findings and to endorse the approach outlined above.

7 Background documents³

- 7.1 None

³ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.